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RECORD OF 84TH CONGRESS

(First Session)

by

Richard M. Boeckel

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RICHARD M. BOECKEL, *Editor*

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RECORD OF THE 84th CONGRESS

(First Session)

DIVIDED RESPONSIBILITY for government brought an unexpectedly harmonious session of Congress in 1955, with nothing resembling the "cold war of partisan politics" predicted by President Eisenhower if the Democratic party came into control of the Legislative Branch.* Administration measures fared about as well during the first session of the 84th Congress as in the preceding Republican Congress.

Democrats supported presidential policies they held to be "for the good of the country"—many of them policies originated during the New Deal and the Fair Deal—but attempted in many cases to carry them farther than the President desired. At the same time, the President received stronger support from the right wing of his own party than during the first two years of his administration. This was due to the continuing personal popularity of the Chief Executive and to doubt that the G.O.P. could win with any other candidate in 1956. The Eisenhower wing, a relatively small minority in 1953-54, exercised dominant influence among Republican members of Congress in 1955.

While many of the measures sent to the White House contained compromises distasteful to the President, the only major bill he felt compelled to veto was one proposing a pay raise for postal workers which he considered excessive.

Improving prospects for a long period of international peace assured bipartisan support for foreign and military policies which appeared to be producing the desired results. Rising prosperity and a general reluctance to "rock the boat" prevented any wide departure from domestic policies of "progressive moderation." The determination of leaders on both sides to preserve party unity for 1956 led to an

* At a post-election press conference, Nov. 3, 1954, the President conceded that he had gone too far in warning against dangers of a political cold war. Six days earlier he had said a Democratic victory in the congressional election would impose "innumerable obstacles" to progress; that "uncertainty and confusion" would replace "certainty and confidence."

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EISENHOWER MEASURES AT 1955 SESSION

Approved without change or with little change

Defend Formosa resolution
European and Asian treaties
New funds for foreign aid
Reciprocal trade extension
National defense budget
Military pay raise
Cuts in military manpower
Public debt limit extension
Renewal of expiring taxes
Anti-polio vaccine program

Approved with material changes

Military reserve program
Limited federal pay raises
Minimum wage increase
New mortgage insurance
Public housing program

Delayed or Defeated

Atomic peace ship
Colorado Basin development
Customs simplification
Delinquency control program
Group health reinsurance
Highway expansion program
Lower voting age
Military survivors benefits

Minimum wage coverage
Postage rate increases
Refugee Act revision
School construction program
Statehood for Hawaii
Strengthened internal security
Taft-Hartley Act revision
T.V.A. self-financing

NOTE: Legislation not finally enacted at first session retains at second session the status it held at adjournment. Bills sent to President in last ten days of session are subject to pocket veto.

avoidance of finish fights on issues that threatened serious splits in either party.

The majority party in Congress offered no formal legislative program of its own for the 1955 session and its leaders often were more effective than Republicans in putting through measures on the Eisenhower program.† Most of the expected legislative battles on great questions of national policy turned out to be mere skirmishes. In important roll calls on controversial issues the margin of victory for the President was sometimes supplied by Democrats. On the whole, the 1955 session was quiet and colorless, though far from unproductive.

The business of preparing issues for next year's presidential campaign was not utterly neglected, although pressed with greater vigor in the House than in the Senate where the Democratic majority is smaller. House Democrats, led by Speaker Rayburn, voted a \$20 income tax deduction for everybody (later defeated in the Senate), a restoration of 90-per-cent-of-parity price supports for farmers (later bottled up in Senate committee), and a liberalization

† At various times the President gave public praise to the work of Sen. George, chairman of the Foreign Relations Committee; Sen. Byrd, chairman of the Finance Committee; House Speaker Rayburn, and Senate Majority Leader Johnson who was stricken with a heart ailment in July.

of the Social Security Act (postponed in the Senate for consideration at the next session). The social security liberalization seems certain of enactment in some form before the national election, probably with administration support, and there may be some further reduction in taxes, despite prospects of an unbalanced budget. Which of the other issues partly developed in 1955 will be revived, and what new ones are added, will depend upon the condition of the country and moves by the administration when Congress reconvenes.

Government Finances

THE BUDGET for the fiscal year 1956, submitted by the President on Jan. 17, reflected no material changes in policies or programs on which the first two Eisenhower budgets were based. It anticipated an increase of \$1 billion in government revenues (from \$59 billion to \$60 billion) in fiscal 1956, a reduction in outgo of \$1.1 billion (from \$63.5 billion to \$62.4 billion), and a \$2.1 billion cut in the deficit (from \$4.5 billion to \$2.4 billion).

The \$1 billion increase in income would be due principally to a healthy growth of economic activity, which would lift the yield from existing taxes. In the field of general taxation, the President asked only that the corporation income tax and the excise taxes scheduled for reduction on Apr. 1, 1955, be continued at their current rates.

The \$1.1 billion reduction in outgo would be due principally to an expected cut in farm price support losses, less spending on conservation and development of natural resources (including public power), and savings achieved by "eliminating nonessentials" and "doing necessary things more efficiently."

BUDGET RECEIPTS AND EXPENDITURES, 1954-1956
(in millions of dollars)

	Fiscal 1954 (actual)	Fiscal 1955 (estimated)	Fiscal 1956 (estimated)
Budget receipts	64,655	59,000	60,000
Budget expenditures	67,772	63,504	62,408
Budget deficit	3,117	4,504 *	2,408

* A Treasury statement, July 20, said the actual deficit for fiscal 1955 had been \$4,192 million, which was \$312 million below the January estimate but \$1,075 million more than the deficit for 1954.

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The President estimated that the national debt would rise from \$271.3 billion at the end of fiscal 1954 to \$274.3 billion on June 30, 1955, and to \$276.0 billion at the end of fiscal 1956. Because the temporary \$6 billion increase in the debt ceiling voted in 1954 would expire on June 30, 1955, when the old limit of \$275 billion would come back into effect, the President said he had "no alternative but to ask the Congress to again increase the debt limit."

RENEWAL OF EXPIRING LEVIES; FAILURE OF \$20 TAX CUT

Tax reductions that became effective in 1954 were estimated in the President's budget message at \$7.4 billion. Although offset in part by a \$1.3 billion increase in social security levies, they represented the largest tax cut of any single year of the country's history.[†] There could be no further lightening of the tax burden in 1955, the President said in his Economic Report, Jan. 20, but Congress, at its 1956 session, might "consider enacting a general, though moderate, reduction in taxes and, at the same time, continue the program . . . begun last year of reducing barriers to the free flow of funds into risk-taking and job-creating investments."

Democratic leaders saw in the President's statement an intention to recommend and take credit for new tax cuts in the election year 1956. Contending that benefits of last year's G.O.P. tax changes went principally to "the big fellow," they framed a plan to forestall future Republican moves by voting a tax reduction for "the little fellow" in 1955. The device suggested by House Speaker Rayburn was a \$20 tax deduction for each income taxpayer and each dependent, to become effective Jan. 1, 1956.

The Democratic majority of the Ways and Means Committee attached a "\$20-for-all" rider to an administration bill postponing scheduled corporation and excise tax reductions for another year. Although the rider was condemned by President Eisenhower as "the height of fiscal irresponsibility," the House refused, by a vote of 210 to 205 on Feb. 25, to eliminate it before sending the bill to the Senate. However, the Senate Finance Committee voted 9 to 6 to throw out the rider. Republican committee members were joined on this vote by Chairman Byrd (D-Va.) and Sen. George (D-Ga.). Secretary of the Treasury Humphrey argued that the \$20 deduction would hurt, not help, the little

[†] Democrats noted that their party had been responsible for about \$5 billion of the tax cuts that went into effect last year.

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ACTION ON CORPORATION-EXCISE TAX EXTENSION

Feb. 25, 1955: Bill [HR 4259], with \$20 tax deduction, passed by House, 242 to 175.

Mar. 15: Bill passed by Senate, without tax deduction, *viva voce*.

Mar. 25: Conference bill, without deduction, agreed to by Senate, *viva voce*.

Mar. 30: Conference bill agreed to by House, 387 to 8, and immediately signed by President.

fellow by enlarging the federal deficit and thus promoting price inflation.

The Senate confirmed its Finance Committee's action, Mar. 15, by voting down the \$20-for-all rider, 61 to 32. The real contest came on a "package" substitute prepared by the Democratic Policy Committee. The substitute proposed a \$20 deduction for each head of a household plus \$10 for each dependent, along with elimination of credits for stockholders and various tax benefits for corporations voted by the Republican Congress in 1954. In addition, the substitute proposed that the corporation and excise levies be kept in effect at current rates until June 30, 1957. Supporters said the substitute would give the Treasury a net increase in revenues and would balance the budget in fiscal 1957. However, this plan was defeated, Mar. 15, 50 to 44, with five southern Democrats swinging the balance to the side of the administration.

Conferees eliminated the \$20-for-all rider and this action was confirmed by the House, Mar. 30, with only eight votes in opposition.* Having recorded their concern for the little fellow, most Democrats were content to allow the bill to go through in the form desired by the President.

TAX LOOPHOLES; CONTRACT RENEGOTIATION; DEFENSE WRITEOFFS

First changes in the internal revenue code revision signed by the President last year were made by a bill [HR 4725] approved June 15 which knocked out two sections that otherwise would have given business organizations unintended windfalls. One of these allowed business firms to claim tax deductions for reserves set aside to meet estimated future obligations; the other permitted spreadouts over more than one year of income received in advance for services to be performed in the future. Both were repealed retroactively. Last year's Treasury estimate of the loss

* Negative votes cast by Democrats: Blatnik, Chudoff, Dingell, Hollifield, Metcalf, Rhodes (Pa.), Roosevelt, Shelley.

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from these provisions had been \$43 million; this year's estimates ran from \$1 billion to \$5 billion.

The Renegotiation Act, a kind of supplement to the excess profits tax which went off the books on Jan. 1, 1954, expired at the end of last year but was renewed retroactively for two years by a bill [HR 4904] sent to the President toward the end of July. Renewal was opposed by the National Manufacturers Association and the U. S. Chamber of Commerce on the ground that renegotiation of government contracts was justified only in periods of extreme national emergency. The Ways and Means Committee reported that more than \$465 million of excess profits had been recovered under the act during the last three years. Title II of the First War Powers Act of 1941, which gives the President authority to alter defense contracts and to make advance and other payments to contractors without regard to provisions of other laws, also was extended for two years by an act approved June 1.

In testimony before a House committee, July 18, Secretary Humphrey recommended revision at the next session of the system under which special tax writeoffs are allowed concerns building new defense facilities. He said such concessions had been made largely unnecessary by last year's changes in the depreciation and other provisions of the revenue laws. During fiscal 1956 they would cost the Treasury \$880 million and to that extent would deprive other taxpayers of reductions in levies which are still "too high."

DEADLOCK ON FINANCING HIGHWAY EXPANSION

The House Democratic leadership, having sponsored a \$20 income tax reduction for everybody in February, came forward in July with a plan to impose additional taxes of about \$1 billion a year on road users to finance the federal share of a huge 12-year highway construction program. This was a substitute for the plan proposed by the President, in a special message Feb. 22, for financing a 10-year expansion program. Under the President's plan, based on recommendations of his Advisory Committee on a National Highway Program, bonds were to be issued by a special government corporation, the bonds to be serviced and retired over a period of 30 years principally with revenues from present federal motor fuel taxes. The new securities were not to be a part of the regular public debt.

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The Eisenhower financing plan was rejected by the Senate, May 25, by the unexpectedly one-sided vote of 60 to 31. The Senate then approved a highway bill [S 1048] offered by Sen. Gore (D-Tenn.) which contemplated expenditures of \$12.6 billion over the next five years, to be financed out of general tax revenues. Congressional leaders were informed, however, that no highway bill that lacked special provision for meeting the outlays would receive the President's signature.

The pay-as-you-go financing plan brought forward in the House toward the end of July proposed a 1¢ increase in the gasoline tax, a 2¢ increase in the diesel fuel tax, heavy increases in taxes on tires for truck and bus, and an increase from 8 to 10 per cent in the excise tax on trucks, trailers and buses. Secretary Humphrey said this arrangement would be acceptable to the Treasury, if voted by Congress, although he preferred the bond financing plan originally proposed by the administration.

The House rejected, by a standing vote of 178-86, on July 26 a bill authorizing a highway expansion program with no provision for meeting the cost. On the following day it voted down the Eisenhower financing plan, 221 to 193, and then scuttled the Democratic plan 292 to 123. This result was a stunning surprise to the majority leadership. Speaker Rayburn said the House defeat of both plans had killed the road program not only for this year but "probably for next year too." The Speaker deemed final adoption of any new highway program by the present Congress unlikely.

While the highway program got into trouble, a new grant-in-aid program for airport construction and modernization went through Congress with relative ease. A bill [S 1855] sent to the President late in July authorized the Secretary of Commerce to enter into contracts with states and cities for grants totaling \$232 million over the next four years, subject to matching on a 50-50 basis. The original Airport Act of 1946 authorized grants of \$520 million, but only \$255 million was actually appropriated under that act, including \$20 million made available at the 1955 session.

ACTION ON APPROPRIATIONS FOR FISCAL 1956

Congress closely followed most of the Eisenhower estimates of needed appropriations for fiscal 1956. However, for the third straight year it voted more farm funds than

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were sought by the President. Including direct appropriations, subsidy authorizations, and lending authority, the Agriculture bill earmarked for farm spending about \$105 million more than had been asked. The principal increase was in soil conservation payments, for which the budget estimate was \$175 million and the amount finally authorized was \$250 million. The Senate rejected, 76 to 5, an amendment by Williams (R-Del.) to fix soil payments for 1956 at \$195 million.*

Direct aids voted business interests included \$52.5 million for airline subsidies, \$110 million for ship operating subsidies, and \$86.5 million for ship construction subsidies. In the Senate an amendment which increased airline subsidies by \$15 million was adopted, 51 to 24, over the protest of Douglas (D-Ill.) who charged laxity and favoritism in their administration, and one increasing ship construction subsidies by \$38.1 million went through, 53 to 20.

The 1955 session was notable for an almost complete lack of such violent contests over annual appropriations as have featured other postwar sessions of Congress. New money appropriations for fiscal 1956 totaled \$52.2 billion, which was about \$1.8 billion below the Eisenhower estimates, but last year's budget cut by the Republican Congress was \$2.6 billion. Some of the apparent economies are bound to be wiped out by supplemental grants next year.

A report by the Hoover Commission on Government Organization, June 19, estimated unexpended balances of prior appropriations that would be carried over to fiscal 1956 at \$53.9 billion. It condemned the practice of obligating funds for particular purposes long in advance of actual outpayments and recommended that Congress rescind most unspent appropriations annually. The report called for radical changes in federal budgeting and accounting methods; it said the government could save \$4 billion a year by copying financial management practices in private business.

CONGRESSIONAL AND JUDICIAL PAY RAISES

A movement to raise congressional salaries, put under way in 1953 during the Republican-controlled Congress, reached its goal in the present Congress with the support of bipartisan majorities in both houses. A bill signed by President Eisenhower on Mar. 2 [HR 3828] increased the com-

* Senators voting for the lower figure were Democrat: Frear; Republicans: Bush, Curtis, Payne, Williams.

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pensation of senators and representatives from \$15,000 (including a \$2,500 expense allowance) to \$22,500 (with no expense allowance). Salaries of the Vice President and the House Speaker were raised from \$30,000 to \$35,000 (plus \$10,000 expense allowances).

Members of the federal judiciary, who like the law-makers had not had a raise in pay since 1946, shared in benefits of the legislation.* Judges of the lowest federal courts received the same increase as the law makers; justices of the Supreme Court got \$10,000 raises.

The House voted 283 to 118 on Feb. 16 to raise congressional pay to \$25,000; the Senate 62 to 24 on Feb. 23 to raise it to \$22,500. In the House an amendment by Burdick (R-N. D.) to cut the raise by \$5,000 was defeated 176 to 63; amendments to delay it until the opening of the next Congress were ruled out of order. A Senate amendment by Williams (R-Del.) to make the increases contingent on balancing the budget was defeated 71 to 15. The final bill put the increased salaries into effect as of Mar. 1, 1955.

A conference report which proposed an office expense allowance of \$1,250 in addition to salary was rejected by the Senate and the Senate conferees were instructed, by a vote of 62 to 7, not to agree to this "fringe benefit."† Dropped from the final bill were both the expense allowance and a Senate provision which would have authorized five extra round-trips home a year at government expense. Members are still entitled to one such trip each session at 20¢ a mile and may deduct up to \$3,000 a year from taxable income to cover living expenses in Washington.

A bill passed by the Senate without opposition but not acted upon by the House [S 1516] would authorize \$22,500 pensions for former Presidents, along with free mail privileges and a staff of assistants to cost up to \$42,500 a year; also \$10,000 pensions for widows of Presidents. No action was taken on long-pending measures to give ex-Presidents non-voting seats in the Senate.

An administration plan for increases in salaries of Cabinet members from \$22,500 to \$25,000 and raises of \$1,000 to \$5,000 for 225 other high-ranking federal executives was

* In the Senate an amendment to strike out increases for Congress and limit the bill to the judiciary was defeated 80 to 3. The three voting not to increase congressional salaries were *Democrats*: Johnston and Morse; *Republican*: Bush.

† Senators voting to keep the allowance were *Democrats*: Eastland, Kefauver, Kilgore, Lehman; *Republicans*: Bridges, Dirksen, Ives.

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passed by the Senate but not taken up in the lower chamber before the session's adjournment.

Special messages from the President on Jan. 11 recommended pay raises for the government's 500,000 postal workers to average 6.5 per cent and raises for about 1,500,000 classified employees to average 4.9 per cent. A later message asked increases averaging 11.9 per cent for the military establishment.*

After the House Post Office Committee had reported a bill proposing a 7.6 per cent average raise for postal workers, the President accepted that figure although he said it gave him concern "not only because of the fiscal impact of such increases, but also because of the close relationship between this legislation and legislation . . . affecting the compensation of other federal employees." However, the Senate voted a 10 per cent across-the-board increase for the postal service 72 to 21, after rejecting, 52 to 41, an administration plan for a 7.6 per cent raise.

The House amended the Senate bill to cut the increase from 10 per cent to 8.3 per cent and to incorporate a job reclassification system desired by the administration. In a complicated series of votes it rejected a 7.6 per cent limit for the postal raise, 302 to 120; approved the 8.3 per cent increase, 224 to 189; then passed the bill, 324 to 85. Compromises in conference fixed the proposed raise at 8.8 per cent.

This bill was vetoed, May 19, on the ground that its cost was excessive and that it discriminated against large groups of postal employees. The President emphasized that even the smaller raise he had recommended would increase the postal deficit substantially; he said there was "imperative need for postal rates that will make the postal service self-supporting."

The veto was sustained by the Senate, May 24, with 54 senators voting to repass the bill notwithstanding the President's objections and 39 voting "nay." The votes to override were 8 short of the required two-thirds. A substitute bill [S 2061] providing an average 8 per cent raise (with 6 per cent retroactive to Mar. 1) was passed by the Senate, June 1, by unanimous vote and by the House, June 7, 407

* For action on military pay raise, see "National Defense," below.

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to 1.† When the President signed this bill, he said it eliminated inequalities that had existed for years and was "the greatest forward step for our postal employees in more than a century."

A bill signed by the President without comment on June 28 [S 67] raised the pay of the government's classified employees by an average of 7.5 per cent, retroactive to Mar. 1. This was the figure voted by the House, June 20, 370 to 3,‡ and subsequently accepted by the Senate as a substitute for a 10 per cent raise it had proposed for these workers in March.

The combined pay increases for postal and white collar workers were estimated to cost some \$490 million a year, as compared with \$329 million originally proposed by the President. Including Congress, the judiciary and the military, the estimated cost of all pay raises approved in 1955 was \$1.3 billion a year.

DEBT LIMIT EXTENSION; FAILURE OF POSTAGE INCREASES

The temporary increase of the public debt limit to \$281 billion, voted by Congress last year, was continued until June 30, 1956, by a bill approved by the President on June 30; the limit would otherwise have fallen to \$275 billion on July 1. The extender [HR 6992] was approved by the House 267 to 56 and by the Senate *viva voce*.

Secretary Humphrey wanted the debt ceiling raised to \$282.5 billion, but reluctantly accepted the lower figure when told by House and Senate leaders that Congress would agree to no more than a twelve-month extension of the temporary limit. He warned, however, that the Treasury would have extreme difficulty in meeting the government's obligations during next December and January, a period of lean tax collections; if anything went wrong, he would be compelled to ask Congress for an upward adjustment of the ceiling. Chairman Byrd of the Senate Finance Committee said the action of Congress should be taken as a warning that the extension would not be repeated. He added that the practice of appropriating money that remains available for expenditure over a period of years made the debt limit "the only real control which Congress can exercise over expenditures."

No attention was given by either house to urgent appeals by the President and Postmaster General Summerfield for

† Rep. Cole (R-N. Y.) was the lone dissenter.

‡ Negative votes by *Republicans*: Mason, Taber, Vursell.

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increases in postal rates to reduce the post office deficit, which was estimated at \$285 million for fiscal 1956. Administration bills proposed increases to 4¢ and 7¢, respectively, for domestic letter and air mail; a 30 per cent increase in second-class rates, spread over two years; and a 29 per cent increase in third-class rates—all subject to later adjustment by a proposed Commission on Postal Rates. The idea of delegating the rate-fixing power to an executive commission made no appeal to Congress. Nor was any action taken on a proposal by the Hoover Commission for liquidation of the Postal Savings System over a period of five years. It has been losing both deposits and depositors for nearly a decade.

Foreign Relations

FIRST IMPORTANT ACTION by the 84th Congress in the field of foreign affairs was adoption of a joint resolution authorizing the President to employ armed forces of the United States "as he deems necessary for the specific purpose of securing and protecting Formosa and the Pescadores against armed attack." This grant of authority, by large bipartisan majorities, has since been credited by administration spokesmen with producing the present *de facto* cease-fire in the Formosa Strait.

Emergency action was asked by the President in a special message, Jan. 24, which emphasized the key position of the Nationalist-held islands and said current threats of the Chinese Communists to invade them must be resolutely faced. While the President said he had authority as Commander in Chief to take some of the steps that might be necessary, he felt that a suitable congressional resolution would "make clear the unified and serious intentions of our government, our Congress and our people" and would prevent misjudgments by the Chinese Reds which might precipitate a major war.

The United States was already pledged, under a treaty signed with Chiang Kai-shek's Nationalist government on Dec. 2, 1954, but not yet ratified, to defend Formosa and the Pescadores and "such other territories as may be determined by mutual agreement." An accompanying exchange of notes committed the Chinese Nationalists not to attack mainland China without American consent.

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FREE HAND FOR PRESIDENT ON FORMOSA DEFENSE

A question that raised concern in connection with both the defend-Formosa resolution and the treaty with the Nationalists was whether U. S. armed forces would be used to secure the small Nationalist-held islands of Quemoy and Matsu, within artillery range of the Chinese coast. One provision of the resolution, as passed by the House Jan. 25, 410 to 3,* gave authority to the President to defend "related positions and territories now in friendly hands" and to "take such other measures" as he might deem necessary for protection of Formosa and the Pescadores. In the Senate a motion by Lehman (D-N. Y.) to strike out this language was defeated, 74 to 13, on Jan. 28 and an amendment by Langer (R-N. D.) to deny use of U. S. forces to defend islands within 12 miles of the China coast went down 83 to 3. The resolution was then approved 85 to 3.**

The question of defending the offshore islands arose again when the mutual defense treaty with Chiang Kai-shek's government was called up in the Senate. A reservation by Morse (D-Ore.) which would have nullified the provision permitting extension of the treaty's coverage to the offshore islands was rejected, 60 to 10. Another Morse reservation to stipulate that the United States did not recognize Nationalist claims to ultimate sovereignty over Formosa was defeated, 57 to 11. An "understanding" set forth in the Foreign Relations Committee's report had stated that nothing in the treaty changed the (unsettled) legal status of Formosa and the Pescadores. The final vote on ratification, Feb. 9, was 65 to 6.†

SOUTHEAST ASIA AND WEST EUROPEAN TREATIES

Before acting on the Formosa treaty the Senate gave consent to the Southeast Asia collective defense pact, signed at Manila on Sept. 8, 1954, with only Sen. Langer voting against it as "another entanglement." The treaty pledged its eight signatories—Australia, Britain, France, New Zealand, Pakistan, the Philippines, Thailand and the United States—to act to meet the common danger of armed aggression in the treaty area, each in accordance with its own constitutional processes. Chairman George (D-Ga.) of the Foreign Relations Committee said the treaty had been in-

* Negative votes by *Democrats*: Barden; *Republicans*: Sheehan and Siler.

** Negative votes by *Democrats*: Lehman and Morse; *Republican*: Langer.

† Negative votes by *Democrats*: Chavez, Gore, Kefauver, Lehman, Morse; *Republican*: Langer.

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spired by conviction that "a potential aggressor may be deterred from reckless conduct by a clear-cut declaration of our intentions." He added, however, that the United States could not go to war under the treaty without further action by Congress. The Southeast Asia pact was the first signed by the United States with nations outside the Western Hemisphere to call for consultation on measures to deal with subversion and infiltration as well as danger of military attack.

Two other international agreements which received almost unanimous approval were (1) the protocol restoring West German sovereignty and terminating the occupation regime in the Bonn republic; (2) the protocol permitting West German rearmament and admitting the Bonn republic to the North Atlantic Treaty Organization. They were ratified by the Senate, Apr. 1, by identical votes of 76 to 2. The opponents were Langer and Malone (R-Nev.), both of whom had previously voted against N.A.T.O. James B. Conant, former president of Harvard, was confirmed as U. S. ambassador to the Federal Republic of Germany on May 9—the day Germany took its place as the 15th member of N.A.T.O. Conant had served since February 1953 as U. S. high commissioner to West Germany.*

The peace treaty with Austria, signed at Vienna May 15 by Britain, France, Russia and the United States, was ratified June 7 by a Senate vote of 63 to 3. It provided for termination of the four-power occupation of Austria and reestablished the country as a sovereign state. The President said in submitting the treaty, June 1, that withdrawal of Soviet obstruction to an Austrian settlement, after Moscow's failure to prevent ratification of the Paris pacts for rearmament of West Germany, had "won for freedom another important triumph" and had "emphasized clearly the significance of Western unity to the future of free men in every part of the world." The three senators who voted against the treaty (Jenner, Malone, McCarthy) and many who voted for it regarded the terms imposed on Austria as unduly harsh.

Four multilateral conventions to which Russia is a party were ratified by the Senate without opposition. Drafted at Geneva in 1949 and submitted to the Senate by President Truman in 1951, the conventions set new standards for

* The military aid agreement signed at Bonn June 30, under which West Germany will receive large quantities of American equipment for its new military force, did not require Senate ratification.

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treatment of prisoners of war and civilian populations of occupied countries. They have been ratified to date by 48 nations.

PRESIDENTIAL CONTROL OF FOREIGN RELATIONS

The Bricker (R-O.) treaty-control constitutional amendment, a storm center of controversy in the Republican 83rd Congress, was reintroduced in slightly modified form [SJRes 1] but was not brought up for Senate debate at the 1955 session. Its main section would provide that "A treaty or other international agreement shall become effective as internal law in the United States only through legislation valid in the absence of international agreement." Secretary of State Dulles testified before a Senate Judiciary subcommittee, Apr. 26, that the amendment would make it impossible for the President properly to manage the country's foreign relations. And President Eisenhower said the following day that he could never agree to any weakening of "provisions now in the Constitution for conducting foreign affairs."

A resolution by Sen. McCarthy (R-Wis.) which was condemned by both Majority Leader Johnson and Minority Leader Knowland went down to Senate defeat, June 22, 77 to 4.* It would have stated the "sense of the Senate" that, before the President went to the four-power conference of heads of government in July, the Secretary of State should obtain Soviet agreement to discussion of the status of the Red satellite states. This was regarded as an attempt to tie the hands of the President and perhaps to prevent the conference by imposing conditions unacceptable to Moscow.

On July 14, the day before the President departed for Geneva, the Senate adopted, 89 to 0, a resolution on the satellite states which was satisfactory to the administration. It proclaimed the hope of the Senate for eventual liberation of "peoples who have been subjected to the captivity of alien despotisms," without calling for any definite action. The Senate voted 88 to 0 to join in a resolution adopted by the House, June 23, 367 to 0, which expressed the sense of Congress that the United States should "support other peoples in their efforts to achieve self-determination or independence." Sen. Fulbright (D-Ark.) answered "present" on this roll call; he believed that the Senate was getting on danger-

* Voting for the resolution were Republicans: Jenner, Langer, Malone, McCarthy. An earlier McCarthy proposal to withhold American aid from any country trading with Communist China so long as the Chinese Reds held any U. S. citizen a prisoner was defeated 60 to 18.

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ous ground in that its action might be interpreted as encouraging revolution in many countries.

During consideration of the military reserve bill the Senate rejected, 70 to 14, an amendment by Jenner (R-Ind.) which would have banned assignment of additional troops to any country having criminal jurisdiction over American military personnel. In May the House had adopted a similar amendment by Bow (R-O.), which was later abandoned, and in June it defeated, by a non-record vote of 129 to 11, a proposal by Budge (R-Ida.) to withhold American aid from any country not waiving its rights under present "status of forces" agreements.† One provision of the military reserve bill restored an expired provision of law which gave the President authority to call as many as one million reservists to active duty without consulting Congress.

EXTENSION OF RECIPROCAL TRADE PROGRAM

New tariff-cutting powers asked by the President in 1954 but not granted by the Republican Congress were voted by the Democratic Congress, along with some new restrictions, in the bill which extended the reciprocal trade program to June 30, 1958. This was the first three-year extension since 1945.

The President was given power to reduce most tariffs by an additional 15 per cent, in annual stages of 5 per cent, and to lower rates still in excess of 50 per cent to that level. The administration wanted authority for the 15 per cent cuts to apply to rates in effect on July 1, but its bill was amended to make the date Jan. 1, 1955. This was the so-called "double jeopardy" amendment of Sen. George (D-Ga.), intended to protect the textile industry against the possibility that three 5 per cent cuts would be piled on other cuts to be allowed in a trade treaty then in negotiation with Japan and scheduled for completion before July 1.*

The coal industry and parts of the oil industry, which wanted fuel oil imports limited to 10 per cent of last year's consumption, were mollified by a compromise amendment which authorized the President to impose import quotas in

† The House Foreign Affairs Committee later held hearings on a resolution by Bow looking to abrogation of the agreements. A subcommittee of the Senate Armed Services Committee reported, July 21, that "the criminal jurisdictional arrangements regarding U. S. troops abroad are operating satisfactorily" with no "adverse effect on the morale and efficiency" of the men.

* The treaty, signed at Geneva on June 8, made cuts of 27 to 50 per cent in U. S. duties on textiles. The State Department described them as "moderate"; the American Cotton Manufacturers Institute said they were "a staggering blow."

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ACTION ON RECIPROCAL TRADE PROGRAM

Feb. 18, 1955: Three-year extension bill [HR 1] passed by House, 295 to 110.

May 4: Bill passed by Senate, with amendments, 75 to 13.

June 14: Conference bill, with main Senate amendments, agreed to by House, 347 to 54.

June 15: Conference bill agreed to by Senate, *viva voce*.

June 21: Bill signed by President.

case of injury to any industry vital to national security. The George amendment and the quota authority, both acceptable to the President, were added in the Senate Finance Committee after the administration's bill had experienced several narrow escapes from "crippling" changes in the House.

In the lower body a closed rule, intended to bar protectionist amendments, was accepted by the narrow margin of one vote—193 to 192—after a floor appeal by Speaker Rayburn. And a motion to recommit failed by only seven votes—206 to 199. The latter motion, offered by Reed (R-N. Y.), would have sent the bill back to committee with instructions to require that duty increases recommended by the Tariff Commission be put into effect in all cases not involving the national security.

In the upper house no amendment to alter principal features of the legislation as reported by the Finance Committee commanded any substantial support. A proposal by Douglas (D-Ill.) to eliminate the "peril points" provisions was defeated, 82 to 9, and an amendment by Morse (D-Ore.) to make future trade agreements subject to veto by either house of Congress went down, 73 to 13.

Conferees accepted the Senate amendments without substantial change, including "escape clause" amendments by Millikin (R-Col.) which made it somewhat easier for industries to prove injury through imports. Free-trade Democrats said these and other amendments would subject the President to irresistible pressure from industries seeking added tariff protection. Finance Committee Chairman Byrd (D-Va.) told the Senate, however, that the final bill was the best that could be devised "to continue our foreign trade on a basis of reciprocity and at the same time protect in reasonable fashion the proper interests of American industry."

A customs simplification bill [HR 6040], regarded by the administration as an essential part of its freer-trade pro-

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gram, was passed by the House June 22, *viva voce*, but was not taken up by the Senate. The principal simplification would be abandonment of "foreign value" and substitution of "export value," which is more easily ascertained, as the chief standard for determining amounts due under *ad valorem* levies. Protectionists believed "export value" would be lower in most cases and would result in tariff cuts in addition to those authorized under the Trade Agreements Act. Rep. Simpson (R-Pa.) said "This is a tariff reduction bill, pure and simple." Supporters of the legislation conceded that some duties would be lowered but said the overall effect on the level of tariff rates would be negligible. A motion by Simpson to send the bill back to committee was defeated, 232 to 142.

WORLD TRADE PROMOTION AND INTERNATIONAL FINANCING

When the President signed the reciprocal trade extender, he asked that it be "supplemented by early approval of United States membership . . . in the proposed Organization for Trade Cooperation," which he said would "contribute significantly to economic growth and economic well being throughout the free world." In an earlier special message, Apr. 14, he had recommended U. S. adherence to the agreement reached at Geneva in March by the 34 nations participating in the General Agreement on Tariffs and Trade to set up a permanent organization for trade cooperation to administer G.A.T.T.

The President said the new organization could work effectively to remove discriminatory restrictions against imports, to create conditions favorable to the convertibility of currencies, and to assist in developing conditions conducive to the international flow of investment capital. He emphasized that it would have "no supernational powers." But Congress was not convinced. No action was taken at the 1955 session on legislation to authorize American membership in either O.T.C. or G.A.T.T.

Another presidential request, May 2, that U. S. participation in a new International Finance Corporation be authorized met a more favorable response. A bill [S 1894] passed by the Senate, June 21, provided for a U. S. subscription of \$35.2 million to the \$100 million loan fund of the I.F.C., which would be an affiliate of the International Bank for Reconstruction and Development. The fund would

provide equity capital for productive enterprises in underdeveloped countries which are not eligible for loans from either the World Bank or the Export-Import Bank. I.F.C. would serve also as a clearing house to bring private domestic and foreign capital together and would seek to create a favorable climate for private investment in member countries, thus to avoid the need for further government-to-government aid. Its activities were expected to be particularly helpful to nations of Latin America. The House accepted the Senate bill without change on Aug. 1, sending it to the President for signature.

At the request of the President, Congress appropriated \$49 million to speed construction of the Inter-American Highway. The House Public Works Committee said completion of the highway within three years would result in "development of stronger, more independent, and more durable economies" throughout Central America.

A Philippine Trade Agreement Revision Act [HR 6059], effective next Jan. 1, is designed to strengthen the Philippine economy during the transition from duty-free trade to full-duty trade with the United States. The act provides that Philippine tariff preferences on articles imported from the United States shall disappear more rapidly and American preferences on Philippine exports less rapidly than under the original 1946 agreement. A treaty with Panama increased the annual United States payment for Panama Canal rights from \$430,000 to \$1,930,000; it also turned back to Panama land outside the Canal Zone, worth some \$20 million, which had been used by the United States for military purposes.

FOREIGN AID FUNDS AND UNEXPENDED BALANCES

The President's final estimate of new money needed for the foreign aid program in fiscal 1956 was \$3,266.6 million. An earlier estimate, upon which the foreign aid authorization bill had been based, was \$3,408 million. The ceiling set by Congress in the authorization bill was only about three per cent below the President's \$3,408 million estimate.

The two houses were told in a special message, Apr. 20, that because the immediate threat to world security and stability centered in Asia, the "preponderance of funds" (about two-thirds) would be used to strengthen the 15

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nations making up the "arc of free Asia." The projected distribution of military aid was not made public, but of the economic and other assistance \$1,760 million would go to countries of Asia, the Near East, and Africa. The large Asian-African allotment was later attacked as a start on a long-range "Marshall Plan for Asia," now that the Marshall Plan for Europe was about completed.

The authorization bill [S 2090] was taken up at a time when preparations for a series of international conferences, including the conference of heads of government at Geneva, were being pressed and there was reluctance in Congress to do anything that would diminish support for American policies among the free nations. In the Senate an amendment by Long (D-La.) to reduce the overall authorization by \$318 million was defeated 52 to 27, and one by Ellender (D-La.) to halve the \$1,278 million proposed for direct military aid went down 56 to 27. However, the House later cut the military aid item by \$147 million, while adding \$22 million for defense support activities in Spain, and these changes were accepted by the Senate as part of the completed bill.

The principal contest in the Senate came on an amendment by Knowland (R-Cal.) which would have required that half the economic aid be extended in the form of loans. It was opposed by the administration and was defeated 50 to 33, with Democrats providing the adverse majority. In the House an amendment by Adair (R-Ind.) to strike \$70 million of economic aid for India from the bill went down 104 to 59, and one by Rep. Kelly (D-N. Y.) to deny any aid to Yugoslavia was defeated 162 to 52.

At about the time the authorization bill went to the White House—in almost the exact form desired by the President—Congress learned that on June 30, last day of the fiscal year 1955, \$614 million of unspent funds from prior appropriations had been put under obligation for future delivery of military supplies. Two-thirds of these funds would otherwise have reverted to the Treasury on July 1. In a burst of wrath, July 11, the House slashed \$627.9 million, almost 20 per cent, from the President's revised request for foreign aid appropriations. The Appropriations Committee had recommended the cut because of "the chaotic fiscal situation surrounding the administration of this program." No attempt to restore the full amount was made on the House floor.

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ACTION ON FOREIGN AID LEGISLATION

June 2, 1955: Authorization bill, with \$3,408 million ceiling, passed by Senate, 59 to 18.

June 30: Authorization bill, with \$3,285 million ceiling, passed by House, 273 to 128.

July 7: Conference bill, with \$3,285.8 million ceiling, agreed to by House, 262 to 120; by Senate *viva voce*.

July 8: Authorization bill signed by President.

July 11: Appropriation of \$2,638.7 million approved by House, 251 to 123.

July 22: Appropriation of \$3,205.8 million approved by Senate, 62 to 22.

July 28: Conference bill appropriating \$2,703.3 million approved by both houses, *viva voce*, and signed by President on Aug. 2.

The Senate Appropriations Committee took a calmer view and reported a bill proposing total appropriations less than two per cent below the President's final estimate. On the floor all committee increases were approved, most of them without record votes. One committee amendment which added \$420 million to the \$738.9 million voted by the House for military assistance was adopted 50 to 38; another which raised from \$100 million to \$150 million the amount proposed for a special presidential fund for Asiatic economic development was adopted 46 to 38. The President had asked \$200 million for the Asian fund.

The two principal additions made by the Senate were knocked out in conference and total appropriations in the final bill were some \$560 million below the President's estimate. Yielding by the Senate was made easy by a belated discovery that the Pentagon had some \$360 million of unspent funds for military aid not previously reported. House conferees agreed to make \$336 million of these funds available for expenditure in fiscal 1956. The President did not get all he wanted in the appropriation bill, but the reduction was not as great as it appeared on the surface.

FAILURE OF REFUGEE AND IMMIGRATION ACT REVISIONS

The President repeated in the annual message his recommendation of two years ago for removal of inequitable and discriminatory features of the Immigration Act of 1952; in a special message, May 27, he called for quick action on ten recommended changes in the Refugee Relief Act of 1953. The latter message was prompted by controversy over the

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dismissal in April of Edward J. Corsi as special advisor to Secretary Dulles on refugee problems. In testimony before a Senate subcommittee, Apr. 20, Corsi termed the Refugee Act, as administered by W. Scott McLeod, State Department security officer, "a complete failure and scandal."

The 1953 act authorized admission of 214,000 refugees, relatives, orphans and others during the three-year period ending Dec. 31, 1956. By June 30, 1955, with half of the time elapsed, fewer than 38,000 visas had been issued, and fewer than 12,000 of these had gone to refugees. The President acknowledged in his message of May 27 that the refugee program was "not moving as swiftly as we had all hoped." His principal recommendations to speed it up were that (1) the requirement that each applicant for a visa provide complete information about himself for the last two years be repealed; (2) responsible, voluntary welfare organizations, as well as individuals, be allowed to act as sponsors; (3) unused quotas in one category to be transferred to other categories. Bills to effect these changes were still in committee when the 1955 session came to a close.

In the House a discharge petition by Anfuso (D-N. Y.) to bring a bill revising the Immigration Act to the floor for a vote failed to win the required 218 signatures. The Senate took no action on a proposal by Kennedy (D-Mass.) that a Hoover-type commission be set up to study and recommend desirable changes in that statute.

A bill approved July 12 [S 1137] renewed for two years the Army's authorization to recruit aliens abroad with ultimate American citizenship offered as a reward for their service. The ceiling for such recruiting is 12,500 men, but fewer than 1,000 aliens have been enlisted under the law since its original enactment in 1950.

National Defense, Civilian Protection, Internal Security

THE MILITARY BUDGET submitted to Congress by President Eisenhower in January, six months before the conference of heads of government at Geneva and at a time when war with Red China seemed imminent, clearly contemplated national defense expenditures in the neighborhood of \$35 billion a year for many years to come.

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The President said the country's security program should be designed to maintain "essential military strength over an indefinite period of time without impairing the basic soundness of the American economy." The expenditure program for fiscal 1956 and subsequent years assumed no fixed date of maximum danger. "Any other concept," the President said, "would lead to inevitable let-down in strength and produce peaks and valleys in our defense spending and production."

Projected spending on U. S. military forces and installations for fiscal 1956 was given as \$35,750 million—an increase of \$1,375 million over estimated defense expenditures in fiscal 1955. About two-thirds of the planned expenditure was budgeted for air power and related programs. The President said his military budget continued emphasis on "nuclear-air power . . . as the principal deterrent to military aggression."

EISENHOWER PROGRAM FOR CUTS IN STRENGTH OF ARMED FORCES

	December 1954	June 1956	Change
Army	1,343,000	1,027,000	-316,000
Navy	692,000	664,000	-28,000
Marines	222,000	193,000	-29,000
Air Force	961,000	975,000	+14,000
Total	3,218,000	2,859,000	-359,000

One striking feature of the military budget was a proposed reduction of more than ten per cent in the country's military manpower during the ensuing 18 months. While strength of the Air Force was to be increased by about 14,000 men, the other services would be cut by 373,000.

"In my judgment," the President told Congress on Jan. 17, "the military forces and programs upon which this budget is based are accurately adjusted to the national needs." In the State of the Union message, Jan. 6, he had said the various "emphases" in defense planning had been made "at my personal direction after long and thoughtful, even prayerful, study."

At hearings before congressional committees the proposed cutbacks in military manpower were strongly endorsed by Adm. A. W. Radford, chairman of the Joint Chiefs of Staff. He said new atomic weapons and the contributions to free-world defense that could be made by America's allies fully justified stabilizing U. S. military forces at around

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2,850,000 men. On the other hand, retiring Army Chief of Staff Ridgway doubted the wisdom of the proposed reduction in ground forces. He said it was dangerous and untimely; the Army could not perform its assigned missions and the security of the country would be endangered if the cuts went through. As to the reserves, they were in an "unacceptable state of readiness" and could not be prepared for combat within "any period likely to be available to us."*

ACTION ON EISENHOWER MILITARY BUDGET

The prestige of the President as a military leader, and conciliatory actions by Russia and Red China, led Congress to accept the bulk of the proposed manpower cuts, although not without some misgivings. During consideration of the Defense Department appropriation bill in May the House rejected without record votes a series of amendments by Flood (D-Pa.) to keep the Army, Navy and Marines at their existing strength, and finally passed the bill by unanimous roll call vote. Chairman Cannon (D-Mo.) of the Appropriations Committee said a few more divisions would be of no help in modern war because the outcome would be decided in three or four days—before the Army or Navy could get into action.

After the appropriation bill had been passed by the House and the Russians had displayed advanced types of aircraft not yet in production in the United States, Secretary of Defense Wilson asked appropriation of an additional \$356 million to speed deliveries of the American B-52 heavy bomber. The additional funds were included in the bill as passed by the Senate, June 20, 80 to 0, and later agreed to by the House.

The administration suffered one setback in the upper house when an amendment by Symington (D-Mo.) adding \$46 million to keep the Marine Corps at its existing strength of about 215,000 men was adopted 40 to 39. The amendment remained in the bill as finally enacted but its author admitted that the administration was under no legal compulsion to spend the additional funds for the intended purpose if it chose not to do so.†

* Gen. Ridgway was succeeded as Army chief of staff on his retirement, June 30, by Gen. Maxwell D. Taylor who had served since April 1954 as commander in chief of the Far East Command and the U.N. Command. Adm. Radford was reappointed for two years as chairman of the Joint Chiefs and Gen. Nathan Twining received another two-year term as Air chief of staff. A surprise appointment was that of Rear Adm. A. A. Burke to succeed Adm. Robert Carney as chief of naval operations.

† Defense Secretary Wilson announced, July 14, that he had impounded the extra funds pending further study of the "proper size of the Marine Corps."

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The total of new money voted for the defense establishment was \$31.8 million. This was \$350 million or about one per cent less than had been asked by the President but some \$3 billion more than the appropriation for fiscal 1955. Managers of this year's bill acknowledged that the cuts under budget estimates were more apparent than real; also that the Defense Department would be able to spend much more than the amount actually appropriated—out of some \$45 billions of prior appropriations remaining on hand on June 30, 1955.

MILITARY, NAVAL, AIR AND ATOMIC INSTALLATIONS

A new naval construction program [HR 4393] authorized the laying down of a fifth 60,000-ton aircraft carrier, three more atomic-powered submarines, and 30 other vessels; also conversion of numerous ships to handle jet planes and guided missiles. Estimated cost of the program is \$1,317 million. Although authorization of the costly new super-carrier was vigorously opposed in debate, the bill was passed by the House, Apr. 21, with only three votes in the negative,* and later by the Senate without calling the roll. On the one hand, it was argued that flattops of the *Forrestal* class were profitable targets which could be destroyed from the air before their planes got into action; on the other hand, that their speed and maneuverability made them less vulnerable than fixed land bases and that they could retaliate from locations not known to the enemy.

A \$2,360 million military public works program [HR 6829] authorized construction of hundreds of military, naval and air projects during fiscal 1956. About one-half of the money is to be spent on bases in this country, about one-fourth on bases overseas, the remainder on secret and emergency projects both at home and abroad. The largest share went to the Air Force for enlargement of airfields to handle the heavier and faster planes now coming into use. The bill was passed by the House, 317 to 2,* by the Senate *viva voce*.

An atomic construction bill [HR 6795] authorized some 50 nuclear projects at a cost of \$269.1 million. Included was \$5 million for the Eisenhower atom-sharing program under which the United States will pay half the cost of building research reactors for other free nations. The President's

* "Nays" were Democrat: Marshall (Minn.); Republicans: Davis (Wis.), Harrison (Neb.).

** "Nays" were Democrat: Bailey (W. Va.); Republican: Harvey (Ind.). Two Republicans—Brownson (Ind.) and Scrivner (Kan.) voted "present."

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plan for construction of a nuclear-powered exhibit ship to send around the world was rejected in favor of a \$25 million expenditure to develop a power reactor that could be used in either commercial or naval surface vessels. In the Senate an amendment to add \$21 million for the "atoms-for-peace" was defeated 42 to 41. On July 29 the Joint Atomic Energy Committee reported a bill to authorize the peace ship but this came too late for final action at the 1955 session.

MILITARY PAY RAISES AND OTHER SERVICE BENEFITS

In twin special messages, Jan. 13, the President asked Congress to (1) authorize substantial increases in military pay to check heavy losses of trained personnel and (2) enact a new national reserve program to overcome the serious delays encountered in past mobilizations for war.

The administration's "career incentive" pay bill [HR 4720] met almost no opposition in Congress. Only one vote was cast against it in the House; * none in the Senate. The President signed the bill Mar. 31 to allow it to become effective on Apr. 1.

In testimony before the Armed Services committees, representatives of the services said the Army reenlistment rate had dropped from 41.2 per cent in 1949 to 11.6 per cent last year; the Navy reenlistment rate from 66 per cent to 23.7 per cent; the Air Force rate from 56 per cent to 31.2 per cent. Because the purpose was to encourage reenlistments, the bill gave no pay increases to draftees who serve only the required two years or to voluntary recruits serving no more than three years. The increases above these levels ranged from 6 to 25 per cent, with the largest proportionate boosts going to junior officers. Cost of the bill was estimated at \$745.8 million a year, but it was believed that large sums would be saved by stemming the exodus to private industry of men who have received expensive training—at costs ranging from \$3,200 for normal basic training to \$275,000 for a B-47 bomber pilot.

A bill approved Feb. 15 [HR 587] allowed persons who had entered the forces before Feb. 1 to keep on accumulating G.I. educational credits on the established basis of 1½ days of schooling for each day of service. Accrual of credits beyond Jan. 31 would otherwise have been cut off under an

* The one dissenter was Taber (R-N. Y.), former chairman of the Appropriations Committee.

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executive order of Jan. 1 which declared the Korean war emergency at an end as of Jan. 31. Cost of the legislation over the next ten years was estimated at \$390 million.

DRAFT EXTENSION; STRENGTHENED RESERVE PROGRAM

The Selective Service Act, scheduled to expire at the end of June 1955, was extended for four years and the doctor draft for two years by a bill [HR 3005] rushed to the President and signed by him on June 30. The full system of dependency benefits, under which allotments from servicemen are supplemented by the government, also was extended to June 30, 1959. Age limits and the two-year term of service of the regular draft were left unchanged but the top age for drafting physicians, dentists and veterinarians was lowered from 50 to 45.

In the House an amendment by Wier (D-Minn.) to limit the draft extension to two years was defeated by a non-record vote of 152 to 62. Its supporters contended that any extension beyond two years should be passed upon by the Congress to be elected in 1956. The four-year extension of the regular draft was approved by the House 394 to 4 and the two-year doctor draft extension was added in the Senate. A motion to return the completed bill to conference because it included the Senate's doctor-draft amendment was rejected by the House, 221-171, and the package measure was then approved, 389 to 5.* All action in the Senate was by non-record vote.

The administration's national reserve plan was the one feature of the Eisenhower long-range military program that ran into serious trouble in Congress. It was designed to permit abandonment of selective service at the end of the new four-year extension through creation of a ready reserve of 2,900,000 men by 1960. A principal feature of the plan was authority to enlist from 100,000 to 250,000 youths aged 17 to 18½ annually for six months of basic training, to be followed by 9½ years (later changed to 7½ years) in National Guard or other organized reserve units. No serious consideration was given to an administration proposal that youths be drafted for this training if volunteers were lacking.

When first brought up in the House in mid-May, the administration bill was blocked by adoption of an anti-Jim

* Representatives who voted against the bill on first passage or against the conference report, or both, were Democrat: Barden (N. C.); Republicans: Burdick (N. D.), Crumpacker (Ind.), Hoffman (Mich.), Mason (Ill.), Smith (Kan.).

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KEY FEATURES OF NEW RESERVE PROGRAM

Standard military obligation: Six years of combined active and reserve duty. For men with two years of service in regular forces, reserve obligation is three years in ready reserve (48 weekly drills a year plus 17 days of field training or 30 days a year of active duty) and one year in standby (inactive) reserve subject to call in emergencies.

Exemption from standard reserve obligation for men in services when new law becomes effective and for men with prior service.

Time bonus incentives: Under two plans (use of both or either subject to Defense Department approval) up to 350,000 men enlisting in reserve combat units may have their combined active service and reserve duty reduced by as much as one-half.

Youths 17 to 18½ years of age may volunteer for six months of active training followed by 7½ years in ready reserve (or for three months and 7¾ years) and receive exemption from draft. Number to be accepted limited to 250,000 a year. Training for youths volunteering before 18½ may be deferred until age 20 or graduation from high school, whichever comes first.

Penalties: Six-month trainees failing to discharge reserve obligation become subject to induction under regular draft. Other reservists made subject to recall for 45 days of active duty under penalty of court martial, with possible dishonorable discharge and five-year sentence.

Crow amendment by Powell (D-N. Y.), one of the three Negro members of Congress. The amendment would have prohibited assignment of reserve personnel to National Guard or other military units having policies of race segregation. It was put into the bill by a non-record vote of 126 to 87 in which its supporters were joined by opponents of provisions which they said would "open the door to universal military training." When again offered, July 1, to a new bill which omitted any reference to the National Guard [HR 7000], the Powell amendment was defeated by a teller vote of 156 to 105 and the legislation was sent on to the Senate *viva voce*.

The Senate took up the bill July 14 and passed it, as revised by the Military Affairs Committee, 80 to 1, after a few hours of debate.† Changes made by the committee, over strong resistance by the Defense Department, were designed to relieve men now in the armed forces from double service liability by exempting them from the three years of ready-reserve service to be required of all future recruits and draftees. The House bill had made this reserve duty compulsory for all men who entered the services after July 1953.

† Sen. Langer (R-N. D.) cast the "nay" vote. Jenner (R-Ind.) and Schoeppel (R-Kan.) answered "present."

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To meet Defense Department objections that the exemption would delay completion of a ready reserve of 2,900,000 men two years beyond 1960, the Senate bill provided a system of bonuses ranging from \$200 to \$600 for men willing to volunteer for reserve duty.

Conferees accepted the general plan of the Senate bill but substituted for the proposed money bonuses a system of time bonuses under which, for the next two years, limited numbers of men, if needed for the reserves, could cut their active military service by volunteering for duty in reserve combat units. It was acknowledged that completion of the ready reserve would be delayed by changes made in the administration's plan, but Chairman Russell (D-Ga.) of the Senate Armed Services Committee said the compromise bill was the best the Defense Department could get from the present Congress.

In the last days of the session the President received a bill amending the National Defense Facilities Act of 1950 to provide another \$250 million for armories, airfields, and other training facilities needed in connection with the new reserve program.

CIVIL DEFENSE AND QUESTION OF MARTIAL LAW

The Civil Defense Act of 1950 contemplated expenditure of \$3.1 billion (54 per cent by the federal government, 46 per cent by the states) to protect the civilian population against atomic, chemical, bacteriological or other enemy attack. No one knows just how much has since been spent by all divisions of government on civil defense facilities and instruction, but it certainly makes no approach to the amount thought necessary five years ago. This year's appropriation for the Federal Civil Defense Administration, including federal grants to states and money for emergency supplies and equipment, was only \$72.3 million.

Congress has appropriated large sums for the continental warning system and anti-aircraft defense of cities as part of the military budget and has made a start on dispersing key government offices. Otherwise it has shown no great interest in the general problem of civilian defense. It remained at work during "Operation Alert 1955" in mid-June, when President Eisenhower and 15,000 other top officials left Washington for secret relocation centers and theoretical casualties from make-believe air attacks on Ameri-

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can cities were estimated at 14,750,000. The Senate again approved a constitutional amendment which would permit state governors to fill House as well as Senate vacancies in case large numbers of the lawmakers were killed, but the House took no action.

A "mock" proclamation of martial law by the President, June 16, during Operation Alert, compounded the confusion that has surrounded most civil defense activity since development of the H-bomb. The proclamation seemed to indicate that direction of civil defense would be taken over by the military in case of a devastating nuclear attack. This raised questions as to future emergency functions of the Federal Civil Defense Administration and state-local authorities—to which congressional committees got no satisfactory answers.* There was question also whether Congress and the courts could continue in operation under a real invocation of martial law for the country as a whole. Dispatches from the President's relocation headquarters told of plans for a general price-wage freeze and imposition of other controls not now authorized by law. These steps would be taken, it was said, under "inherent powers" of the President.

MEAGER CROP OF NEW ANTI-SUBVERSION LEGISLATION

The two principal anti-subversion measures asked by the Department of Justice, joined by the Defense Department, were (1) a Defense Facilities Act which would permit F.B.I. security screening of all persons working in or having access to defense plants and exclusion of those believed disposed toward sabotage, espionage or subversion; (2) legislation to authorize use of wiretap evidence in federal courts in prosecution of national security cases. The first of these measures passed the Senate last year, without action by the House; the second passed the House, with an amendment requiring court permission for wiretaps, and was not taken up by the Senate. Action on this and other internal security legislation was impeded by creation of a Hoover-type commission to study the administration's employee loyalty-security program and report next year. The commission was directed in addition to inquire into the adequacy of present laws dealing with espionage and sabotage, safety of public and private defense installations, and protection of government secrets.

* The Commission on Intergovernmental Relations recommended, June 28, that primary responsibility for civil defense—"an integral part of our national defense"—be transferred from the states and cities to the federal government.

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After Harvey Matusow and other government informers stated that they had given false testimony in Communist cases, Attorney General Brownell again asked that the perjury statutes be changed to relieve the government of proving which of two contradictory statements was false. He asked also that penalties of the Smith Act of 1940 for conspiracy to advocate violent overthrow of the government be raised from five years in prison and \$10,000 fine to 20 years imprisonment and \$20,000 fine, or both. And he wanted the Foreign Agents Act of 1938 amended to require registration of all persons trained in espionage or sabotage, whether or not currently acting as agents of a foreign government. The last of these bills was passed by the House June 7; the others did not get action on the floor.

Both houses gave unanimous approval to legislation asked by the administration last year [S 609] which holds out rewards up to \$500,000 for evidence leading to detection of efforts to smuggle atomic weapons into the United States or illegal manufacture of nuclear materials in this country. Rewards in excess of \$50,000 require approval by the President.

Business, Farm, and Labor Legislation

IN THE annual Economic Report, sent to the Capitol on Jan. 20, the President forecast a satisfactory level of production and employment for 1955. He said that recovery since mid-1954 from the recession which began in 1953 had "made up half of the preceding decline in industrial production" and the groundwork had been laid for further expansion.

Expansion continued steadily during the first six months of 1955, promising the biggest business year in the country's history and raising some fears of renewed inflation. High levels of production were achieved by the automobile, construction, aluminum, chemical and other industries, but there were some soft spots, including agriculture, coal, and certain branches of the textile industry.

The President cautioned in his Economic Report that a sharp eye should be kept on financial markets to prevent interference with continued economic recovery by "over-

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emphasis on speculative activity" and that encouragement to small business should be continued "to check monopoly and to preserve a competitive environment."

A report, May 26, by the Senate Banking and Currency Committee on its investigation of rising stock prices said there had been "an increase in unhealthy speculative developments in the stock market since the fall of 1954" and repeated that current speculative trends would bear close watching. "When preoccupation with the stock market results in widespread distortion of perspective, the stock market may become a potential threat to the stability of the economy." The committee majority recommended closer supervision of dealings in unlisted securities, curbing sales of worthless stocks, attention to abuses connected with "penny stocks," and further investigation of margin trading and proxy battles for control of large corporations.

A proposed investigation of the Federal Reserve Open Market Committee, which regulates the country's money and credit supplies and whose operations were declared by Rep. Patman (D-Tex.) to have resulted in large profits to banking institutions on government bonds, was turned down by the House, June 15, 214 to 178. Bank holding company legislation, which has been pending in different forms for more than 20 years, was passed by the House in June but the Senate action was postponed to the 1955 session. The bill [HR 6227] would require bank holding companies which own unrelated businesses to divest themselves within five years of either their banking interests or their miscellaneous enterprises. Bank holding companies wishing to acquire additional banking institutions would need the consent of the Federal Reserve Board. At hearings on a variety of bills to apply anti-monopoly controls to bank mergers Department of Justice and Federal Reserve Board witnesses recommended that prior government approval be required for all future consolidations, but no action was taken on the floor of either house.

ANTI-MONOPOLY QUESTIONS; DISPOSAL OF PROPERTIES

A report by the Attorney General's National Committee on the Anti-Trust Laws, Mar. 31, recommended repeal of the federal "fair trade" laws (Miller-Tydings Act of 1937 and McGuire Act of 1952) which exempt retail price-fixing by manufacturers from antitrust prosecution in states which permit resale price maintenance. The fair trade laws, said

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the committee, were repugnant to "the most elementary principles of a dynamic free enterprise system."

No change was recommended in laws governing corporate mergers. The committee believed present laws gave adequate protection against monopoly, but thought additional legislation might be needed to deal with labor-management restraints on business competition. Democrats condemned the report as a "massive brief for non-enforcement of the anti-trust laws."

Two bills to strengthen the anti-monopoly statutes were signed by the President July 7. The first [HR 3659] increased the maximum fine for violation of the Sherman Act from \$5,000 to \$50,000; the second [HR 4954] amended the Clayton Act to permit government suits to recover actual damages suffered by federal agencies as a result of collusive bidding, price-fixing, and other anti-trust violations. No legislation to repeal or change the fair trade laws was considered in either house.

Sale of 24 synthetic rubber plants built by the government during World War II for the approximate sum of \$285 million was approved by the House 283 to 132 and by the Senate 56 to 31. The transactions, arranged by the Rubber Producing Facilities Disposal Commission, which had been set up by the Republican Congress in 1953, were subject to congressional veto. Because the government-built plants would be acquired principally by large rubber and oil companies, opponents contended that the sales would promote monopoly and injure small businesses. It was argued also that the plants were worth considerably more than the prices to be paid by the private purchasers. The government-owned tin smelter at Texas City, Tex., only one in the Western Hemisphere, was continued in federal operation for an additional year, until June 30, 1956, by a resolution which asked the President to report to Congress in the meantime on practical methods of maintaining a permanent tin-smelting industry in the United States.

A special message to Congress, in which the President announced his signature of the Defense appropriation bill on July 13, gave notice that he would not be bound by an "un-constitutional" section which attempted to make plans for closing civilian-type enterprises now operated by the military establishment subject to veto by either house of Congress. Activities scheduled for early abandonment include

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balancing plants, coffee roasting plants, bakeries, laundries, dry cleaning establishments, automotive repair shops, cement mixing plants, an ice cream plant, tree and garden nurseries, and office equipment repair shops.

RENEWAL OF DEFENSE PRODUCTION AND SMALL BUSINESS ACTS

The Defense Production Act, which gives authority to allocate materials essential to national defense and in general to prepare for economic mobilization in time of emergency was extended for one year by a bill [S 2391] sent to the White House just before adjournment. An administration request that participants in voluntary agreements essential to the defense program be exempted from antitrust prosecution for 20 years was given no consideration by either house of Congress.

Authority was given to build up a reserve corps of business executives who would move into key government posts in time of war. A Democratic proposal to bar dollar-a-year men from federal administrative offices in time of peace went out of the bill when the Senate substituted, by a vote of 46 to 45, an amendment by Capehart (R-Ind.) limiting dealings of businessmen-on-loan with questions of policy to giving advice to full-time salaried officials. The final bill required that such advisers make public disclosure of their stockholdings at the beginning of their service and file other financial data each six months.

The life of the Small Business Administration was extended for two years—to June 30, 1957—by another bill [S 2127] enacted in the closing hours of the session. The limit on loans to single companies was raised from \$150,000 to \$250,000. The revolving fund from which the loans are made was left at \$150 million. A report by the Hoover commission, Mar. 13, while recommending liquidation of many other government lending agencies, supported an administration proposal that this one be continued for two years. During that period, it said, S.B.A. would have "opportunity to demonstrate its usefulness to small business on sound business principles."

FARM PRICE SUPPORTS AND ACREAGE ALLOTMENTS

Democratic efforts to reverse an administration farm-front victory in 1954, when Congress accepted the President's flexible price support program, failed at the 1955 session but may be revived next year. When the session ended

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the Senate had taken no action on a bill [HR 12] passed by the House May 5 to restore 90 per cent-of-parity supports for five basic crops—cotton, wheat, corn, rice, peanuts *—and to provide 80 per cent supports for dairy products.

The House passed the bill by a margin of only five votes—206 to 201—after reversing itself on an earlier amendment which threatened sudden death for the legislation. An amendment to divest peanuts of their status as a "basic commodity" was first adopted by a non-record vote of 186 to 150 over the strenuous opposition of southern members, but was later killed by a record vote of 215 to 193 after Speaker Rayburn entered the debate. He said any one who voted for the peanut amendment was against the bill *in toto*.

Republicans pleaded that the 82½-90 per cent supports voted for this year's crops be given a chance to operate. Democrats replied that support levels for next year's crops might be dropped as low as 75 per cent of parity and that a restoration of 90 per cent supports was needed to rescue agriculture from deepening depression. The legislation was put in cold storage when the Senate Agriculture Committee adopted, 8 to 7, a motion by Anderson (D-N. M.) which called for hearings of indefinite duration. Chairman Ellender (D-La.) said the committee would make a "thorough study of the problem" and probably solicit the opinions of the farmers themselves in grass-root hearings after adjournment. Toward the close of the session the Senate allotted \$20,000 for field hearings.

A bill to increase the acreage that could be planted to cotton in 1955 [HR 3952], passed by the House Feb. 23, was defeated in the Senate, Mar. 24, 51 to 39, after amendment to permit a corresponding increase in wheat acreage. The House bill would have boosted the cotton planting allotment by 3 per cent, or about 545,000 acres. This was cut in the Senate to 1½ per cent and a similar increase, amounting to 825,000 acres, was voted for wheat. The bill had been strongly opposed by the administration. Secretary of Agriculture Benson said that, if it became a law, financing power of the Commodity Credit Corporation would have to be raised from \$10 billion to \$15 billion to absorb new cotton and wheat surpluses. Although this bill was defeated, the administration asked and received a \$2 billion increase in C.C.C. lending power toward the end of the session.

* The sixth basic crop—tobacco—is not subject to the flexible support program.

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In a national referendum, June 25, wheat farmers accepted marketing quotas for the 1956 crop based on the same acreage allotment as for the 1955 crop (55 million acres), with support prices reduced from 82½ per cent to 76 per cent of parity. By mid-year, the country's reserve and surplus wheat supply had reached 1.3 billion bushels, virtually all of it in government hands, with the ensuing year's demand estimated at not more than 900 million bushels.

A provision of last year's Agricultural Adjustment Act which would have denied conservation payments to farmers who fail to comply with all acreage allotments on basic crops was repealed by a bill [HR 1573] approved May 23. Congress authorized \$250 million of such payments for next year although only \$175 million had been asked by the administration.

The government program for recruiting Mexican labor to work on American farms and in food processing industries was extended to June 30, 1959, with some changes, by a bill [HR 3822] sent to the President in the closing days of the session.

MINIMUM WAGE RAISE; AID TO LOW-INCOME FARM FAMILIES

Two recommendations for revision of federal labor statutes were made by the President in his State of the Union message. The first called for an increase in the minimum wage of the Fair Labor Standards Act from 75¢ to 90¢ an hour, and for extension of the act's coverage to additional workers. The second was a renewal of Eisenhower's 1954 proposals for amendment of the Taft-Hartley Act. Last year a bill to carry out the Taft-Hartley proposals was sent back to committee by the Senate. No pressure for repeal of Taft-Hartley was exerted this year by trade unions and none was brought by business organizations for action on the President's 1954 recommendation for strengthened regulation of union welfare funds.*

On the other hand there was strong pressure from the unions and from some employers in the North for an increase in the minimum wage and a wide expansion of coverage. A compromise bill favorably reported by the Labor Committee [S 2168] June 7 and passed by the Senate the following day

* A Chicago labor official was cited by the Senate for contempt, July 19, after refusing to answer questions in a continuing Labor subcommittee investigation of welfare funds.

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without a record vote provided for an increase in the hourly minimum to \$1 with no expansion of coverage. Labor Committee members said the latter question would be taken up next year.

The minimum wage raise to \$1 was approved by the House, July 20, 362 to 54. Escalator plans for increases by steps over two or three years were defeated in both houses. An amendment by Wier (D-Minn.) to raise the rate to \$1.10 was rejected by the House, 198-93, and one by McConnell (R-Pa.) to fix it at 90¢, as desired by the President, went down 188-145. Both of these were teller votes. The \$1.25 rate desired by organized labor was not put to a test in either house. The Senate wanted the \$1 rate to go into effect on next Jan. 1; the House on next Mar. 1. The final bill made it effective as of Mar. 1, as provided by the House.

The increase to \$1 was expected to raise the pay of some 2,100,000 of the 24,000,000 workers covered by the Fair Labor Standards Act who at present have lower hourly rates. Most of those to benefit directly are employed in the southern textile, lumber and tobacco industries.

Because farm price support programs and other aids to agriculture have been of little help to low-income farmers, the President on Apr. 28 submitted a series of recommendations aimed to better the lot of the 1,500,000 farm families with cash incomes of less than \$1,000 a year. His program called for expanded programs of guidance, health aid and technical assistance, together with cooperative efforts to provide more off-farm jobs in areas of rural unemployment and to promote expansion of industry in such areas. Consideration of the greater part of this program went over to the next session, although some of it may be carried out under certain increases in appropriations granted by this year's Agriculture supply bill.

Public Power and Natural Gas Controversies

THE administration's "partnership policy" for power development, as clarified by presidential messages to Congress during the 1955 session, assigns to state and local governments and private interests the primary responsibility of providing physical facilities to meet power needs of their

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areas. Under this policy the federal government would execute only those parts of water resource development projects which serve national, as opposed to local, interests or which, because of great size and complexity, are beyond the capacity of local public or private enterprise.

In keeping with the announced policy, the President recommended appropriation of only \$27.5 million for the Tennessee Valley Authority, compared with \$120 million appropriated in 1954 and \$188 million appropriated in 1953. The estimate made no provision for new government-owned generating facilities. Administration proposals for direct T.V.A. financing of future expansion were left for action next year. The final T.V.A. appropriation was \$27.1 million. This included \$6.5 million for transmission lines to connect the proposed Mississippi Valley Generating Co. (Dixon-Yates) plant at West Memphis, Ark., with the T.V.A. distributing system.

CANCELLATION OF DIXON-YATES PRIVATE POWER CONTRACT

The controversial Dixon-Yates contract, signed by the Atomic Energy Commission Nov. 11, 1954, at the direction of the President, was ordered canceled by the President on July 11. On the following day the nomination of Allen Whitfield to fill an A.E.C. vacancy was withdrawn at the nominee's request. Whitfield had refused to answer committee questions on his law practice in Des Moines and there were indications that the nomination would be rejected. He said he did not wish to involve A.E.C. in political controversy.

Both sides to the public-vs.-private power controversy professed satisfaction with the junking of the Dixon-Yates contract. The President's action followed a White House conference at which Frank Tobey, mayor of Memphis, gave firm assurance that the city would construct a municipal plant at Fulton, Tenn., to supply the power called for under the A.E.C. contract with Dixon-Yates. The private power was to be fed into the T.V.A. grid to replace public power furnished by T.V.A. to A.E.C. installations. Public power advocates said the cancellation amounted to a "surrender" by the President; opponents of public power expansion said it was an honest application of the partnership policy, in that the President had acted as soon as convinced that Memphis would take care of its own needs.

Democrats had promised nullification of the Dixon-Yates contract in the 1954 campaign. As a first step, the House Appropriations Committee proposed a switch to T.V.A., for a start on a new steam plant at Fulton, of the \$6.5 million asked by the administration for transmission lines across the Mississippi to connect with Dixon-Yates. The House rejected the proposed transfer June 19 by a teller vote of 198 to 169, but the Senate later added to the transmission-line appropriation a proviso that none of the money should be spent if, within 90 days, Memphis made a definite commitment to supply its own power needs. Democratic leaders acknowledged that they lacked the votes to kill the Dixon-Yates contract outright, but they believed the Senate proviso would result in its quiet burial. Cancellation of the contract was ordered by the President before the finished legislation reached the White House.

MULTI-PURPOSE UPPER COLORADO BASIN PROJECT

In a different application of the partnership policy the President asked Congress to authorize the Upper Colorado Basin project—the first great multi-purpose development proposed during his administration—which he said was of such size and complexity as to require federal construction. The estimated overall cost of the project is \$1.6 billion. The smaller Frying Pan-Arkansas River project, also recommended for federal development, was not considered during the 1955 session.

The Upper Colorado project was approved by the Senate, Apr. 20, 58 to 23, but not taken up in the House. The only serious controversy during Senate consideration was raised by an amendment by Neuberger (D-Ore.), defeated 52 to 30, to drop the proposed Echo Park dam in Utah's Dinosaur National Monument. Conservationists argued that water backed up by the 520-foot dam would destroy much of the beauty of one national park and open the way for encroachment on others.

The Senate bill [S 500] proposed six major water storage reservoirs and 12 irrigation projects for immediate construction in Wyoming, Colorado, Utah and New Mexico, ultimately to be expanded to 12 reservoirs and 39 irrigation projects. The House Interior Committee cut out three of the major dams, including the \$176 million Echo Park dam, and reported to the House a bill authorizing construction estimated to cost \$760 million. Because the bill in this form

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threatened a serious split in both parties, the House leadership put it over for future consideration.

House action on a Senate bill to authorize appropriation of \$3 million for a joint survey with Canada of possible tidal power developments in Passamaquoddy Bay also was postponed to the next session. Passage this year had been asked by President Eisenhower. A start on a project to harness the Passamaquoddy tides was made with relief funds during the New Deal, but the work was ordered discontinued by Congress. No action was taken on a bill by Douglas (Ill.) and 17 other Democratic senators to repeal the Tidelands Act of 1953 and give control of all offshore oil resources to the federal government.

HOUSE PASSAGE OF NATURAL GAS ACT EXEMPTION

By a margin of six votes—209 to 203—the House stamped its approval, July 28, on the controversial Harris (D-Ark.) bill to exempt independent producers of natural gas from federal regulation of prices charged for their product in the field. The bill [HR 6645] was strongly supported by Speaker Rayburn and by Democrats from the Southwest in general, but the margin of victory was supplied by Republicans. A majority of the House Democrats voted against sending the bill to the Senate.

The purpose of the measure was to set aside a Supreme Court ruling in June 1954 that the Federal Power Commission has authority under the Natural Gas Act of 1938 to control prices of gas at the well-head, as well as prices charged by interstate pipelines for gas delivered to local utilities, and that Congress intended it to do so. Although the President took no position on the bill, he was believed to favor its enactment. His Advisory Committee on Energy Supplies and Resources Policy said, Feb. 26, that the central government "should not control the production, gathering, processing or sale of natural gas prior to its entry into an interstate transmission line."

Speaker Rayburn, in one of his rare speeches on the floor, said the bill if passed would expand supplies of natural gas, stimulate competition for markets, and bring lower prices for consumers. Other supporters argued that natural gas production is a highly competitive, risk-taking, speculative business to which public utility regulation is wholly unsuited.

Opponents, led by Rep. Wolverton (R-N. J.), denied all of these contentions. They said effective regulation had to start at the well-head; that a ban on federal regulation there would add up to \$400 million a year to gas bills of city consumers; that the big gas-producing oil companies had spent \$1½ million to promote passage of the legislation. Wolverton's motion to send the bill back to committee for "further study" was defeated 210 to 203 just before House passage by substantially the same alignment. The fate of the bill for the 1955 session was decided July 29 when the Senate Democratic Policy Committee announced that it would not be brought to a vote in the upper chamber before adjournment.

Social Welfare Legislation

SOCIAL WELFARE legislation recommended by the President to the Democratic Congress included a limited public housing program, the group health reinsurance program proposed in 1954, an emergency school construction program, and a new system of subsidies for states and localities to aid in control of juvenile delinquency.

The most striking single recommendation, submitted on May 16, called for appropriation of \$28 million (later increased to \$30 million) to see that no American child was denied protection of the newly-developed Salk anti-polio vaccine because of inability to pay.

A bill sent to the President toward the end of the session [S 2501] amended the Public Health Service Act to authorize federal purchase of vaccine for distribution to the states and redistribution by them to local communities at their request. The type of program to be undertaken in each state was left to state authorities. Under the federal legislation, free shots may be given to persons under 20 years of age and to pregnant women, but no "means test" is to apply.

A session-end money bill appropriated \$30 million for the vaccine program. It had previously been estimated that \$30 million would buy enough vaccine to inoculate 14,284,000 children and expectant mothers, or about one-fourth of the total number not yet treated. Financial resources of individual families, private organizations, and state and local governments were deemed sufficient to provide vaccine for the remainder.

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Most of the measures embodied in a general health program submitted to Congress by the President on Jan. 31 were left for consideration at the 1956 session. These included the administration plan for a Federal Health Reinsurance Service and a proposal to match state and local expenditures for medical care of the aged, the totally disabled, the blind and dependent children. A recommendation that research in air pollution be stepped up was carried out by a bill [S 928] approved July 14 which authorized a five-year program of research and technical assistance, and appropriation of a total of \$25 million as grants-in-aid to public and private agencies working on the abatement problem.

The hospital construction program was voted \$111 million, an increase of \$15 million over last year, and the National Institutes of Health received \$97.6 million, as compared with \$81.3 million allowed in 1954. A three-year survey of the country's resources for dealing with mental illness was authorized, along with federal grants of \$30 million a year for three years to aid in construction of facilities for non-federal research on cancer, heart ailments, muscular dystrophy, and other killing and crippling diseases.

Surplus federal property worth several hundred millions of dollars was made available to state agencies carrying out health and education programs under a bill [HR 3322] approved June 3. The legislation was designed to overcome Defense Department regulations which provided for sale of much of this property through commercial channels. The new law is to be administered by the Department of Health, Education and Welfare.

SCHOOL CONSTRUCTION AND JUVENILE DELINQUENCY

An emergency school construction bill [HR 7535], favorably reported by the House Education and Labor Committee July 22, remained tied up in the Rules Committee at the end of the session. A companion bill in the Senate [S 968] likewise failed to reach the floor.

Action at the 1955 session had been asked by the President in a special message Feb. 8. He stressed that public schools are a primary responsibility of state and local governments, but said the existing classroom shortage required "immediate and effective action that will produce more rapid results" than could be brought about by these governments alone.

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Chief features of the President's program were embodied in the House committee bill, but the committee added a Democratic proposal to authorize federal school-construction grants to the states, at the rate of \$400 million a year for four years, on a dollar-for-dollar matching basis. State educational agencies would have the final say on all building plans. The bill included authorization of \$750 million, as proposed by the President, for federal purchase of bonds issued by school districts not able to sell them in the open market at reasonable interest rates; also a lease-purchase plan under which the federal government would guarantee bond issues of special authorities set up to finance school construction for communities unable to borrow.

An amendment by Powell (D-N. Y.) to prohibit federal aid to any state or school district practicing racial segregation was defeated in committee, 17 to 10, but a threat that the fight for this amendment would be renewed on the floor caused the bill to be put in cold storage. Another obstacle to passage was a provision that "prevailing wages" should be paid on all school projects assisted by the federal government.

A new program of federal grants to states to aid in prevention of juvenile delinquency, submitted by the President, Jan. 31, enlisted little support. Hearings on the general problem were held in various cities by a subcommittee under Sen. Kefauver (D-Tenn.) which gave special attention to the influence of pornographic materials on youth. Long-pending legislation, finally approved June 28, amended the obscenity statutes to ban transportation of pornographic matter by private automobile, as well as by common carrier and through the mails, and to extend these statutes to phonograph records and sound recordings. The subcommittee said this legislation would "contribute in the continuing struggle to combat juvenile delinquency and the corruption of public morals."

NEW MORTGAGE INSURANCE; PUBLIC HOUSING CONTROVERSY

New housing legislation adopted at the 1955 session provided \$4 billion of additional lending authority for F.H.A. insurance of home mortgages, raising the ceiling to \$25.7 billion; extended the home-improvement insurance program to Sept. 30, 1956; and authorized new insurance programs for military housing and for trailers and trailer parks. The

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capital grant authorization for slum clearance and urban renewal was raised from \$500 million to \$1 billion.

The college housing program, for which the Hoover Commission recommended prompt termination, was given \$200 million more for direct lending in cases where private financing is unavailable. Authority of the Veterans Administration to make direct loans was continued for two years and broadened by authorizing loans to acquire or build farm homes, as well as urban residences.

The only highly controversial proposal of the administration in this field was that Congress authorize contracts for 35,000 additional public housing units in each of the next two years. By 1958, the President said in his annual message, the private building industry would have had "opportunity to assume its full role in providing adequate housing for low income families."

The Senate upped the ante by voting a Democratic plan for 135,000 public housing starts in each of the next four years instead of the 70,000 for two years recommended by the President. This was the number originally authorized by the Housing Act of 1949, which contemplated total construction of 810,000 public housing units in six years. A motion by Sen. Capehart (R-Ind.) to accept the President's plan was rejected June 7, 44 to 38.

On July 29 the House substituted for a bill to authorize 35,000 units in each of the next two years, as desired by the President, a bill by Wolcott (R-Mich.) which contained no public housing authorization. The vote for the substitute, 217 to 188, was misleading in that G.O.P. leaders maintained that a compromise with the Senate on a figure close to that asked by the President would be easier to work out if the House bill omitted any provision for additional public housing. An amendment by Powell (D-N. Y.) to prohibit segregation in multiple housing projects assisted by the federal government was defeated by a teller vote of 158 to 112.

The final bill, as agreed upon in conference, extended the public housing program for only one year and fixed the number of new starts prior to July 31, 1956, at 45,000 units. The conference report was accepted by the Senate on Aug. 1, *viva voce*, and by the House the following day, 187 to 168, sending the bill to the President.

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POSTPONEMENT OF SOCIAL SECURITY ACT CHANGES

A Democratic bill liberalizing the Social Security Act in ways not recommended by the administration was passed by the House, July 18, 372 to 31, but Senate action went over to the next session. Republicans said in House debate that the bill was a political measure which, if finally enacted, would seriously jeopardize the whole contributory retirement system through excessive drafts on the reserve fund.

Principal provisions of the bill [HR 7225] would lower the benefit eligibility age of women workers, wives and widows from 65 to 62 years; provide payments for total and permanent disability beginning at age 50; continue benefits for disabled children beyond age 18. In addition, the bill would extend social security coverage to professional groups presently excluded (except physicians) and would raise social security taxes on employers, workers and the self-employed by 25 per cent. In the first year of expanded benefits, the old-age tax on the first \$4,200 of earnings (now 2 per cent each for employer and employee) would rise to a combined 5 per cent. It would be gradually stepped up to 9 per cent after 20 years, while the tax on self-employed persons would rise from the present 3 per cent to 6¼ per cent.

It was estimated that during the first year 800,000 women would be added to the benefit roll and would be paid about \$400 million. In a quarter century 1,800,000 additional women would be paid an additional \$1.3 billion a year. Payments to about 250,000 disabled workers in the first year were estimated at \$200 million, rising in 25 years to \$850 million annually to 1,000,000 workers. The increased taxes would add about \$1.5 billion to social security revenues during the first year and larger amounts in subsequent years, which, in the opinion of Democratic sponsors of the legislation, would be enough to finance the expanded program. The bill was put through the House after 40 minutes of debate, under suspension of the rules—a procedure which forbids amendment but requires a two-thirds vote for passage. After one day of hearings, the Senate Finance Committee decided that the bill was too complicated to be taken up in the last days of the session.

A bill passed by the House earlier in July [HR 7089] would have discontinued the \$10,000 of free life insurance now given men in the armed services and put all military

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personnel under the regular Social Security system. At the same time it would have increased benefits now being paid to widows, children, and dependent parents of deceased servicemen.

The most controversial feature, described by opponents as an "un-American caste system for widows," would substitute for the present \$87 a month paid to all wartime widows a system of payments geared to rank. Widows of lowest grade enlisted men would get \$122 a month; widows of highest ranking officers, \$242 a month. This and other changes in the system of benefits were expected to increase the overall cost to the government during the early years but to lower benefit outlays in later years. Although classed by the President with his "most desired" legislation, the bill did not reach a vote in the Senate before adjournment.

Machinery of Government

THE long-awaited report of the Commission on Intergovernmental Relations, set up by the Republican Congress during the first year of the Eisenhower administration, was transmitted to Congress by the President, June 28, with a message that commended its recommendations to the attention not only of the national legislature but also of state and local lawmakers. The report contained no proposals for immediate or radical changes in the pattern of federal-state-local relationships developed over the last quarter century.

In general, it proposed that state and local governments be strengthened through revision of outmoded constitutions and charters and more equitable systems of representation; that the exercise of federal power be limited to fields in which state-local action is inappropriate or impossible; that the present system of grants-in-aid, which costs the national government \$2 billion a year, be retained with some modifications; that tax overlapping be reduced whenever that is made possible by an overall reduction in revenue needs of all governments. In Congress the commission was said to have come in like a lion, gone out like a lamb.

The 20 reports filed by the second Hoover Commission on Government Reorganization, on such subjects as federal power policy, government lending, government medical

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services, and government competition with private business, called for immediate and sweeping changes with the result that many of them stirred violent controversy. A report made public June 30, the day the commission passed out of existence, noted that task force estimates of possible annual savings if all the commission's recommendations were adopted (some of them overlapping) totaled \$8.5 billion. Also that \$10 billion would be returned to the Treasury if all unneeded federal property were sold and if certain government lending agencies were liquidated.

No new government reorganization plans were submitted by President Eisenhower during the 1955 session, and none of the Hoover commission's recommendations was made effective by legislation.* However, the Government Reorganization Act was extended for two additional years—to June 1, 1957—and former President Hoover predicted that within five years 70 percent of the proposals made by his second commission would be carried into effect—as had been the case with the first commission which operated from 1949 to 1953. To most observers this forecast seemed unduly optimistic.

CONFIRMATION OF APPOINTMENTS TO HIGH OFFICES

John Marshall Harlan, grandson of a Supreme Court justice who took a liberal view of Negro rights, was confirmed by the Senate, Mar. 16, 71 to 11, as successor to the late Supreme Court Justice Jackson. The nomination was originally submitted on Nov. 9, 1954. Chief reasons for opposing Harlan, as set forth in a three-hour speech by Eastland (D-Miss.), were that he had declined to state the position he would take on possible conflicts between treaty provisions and domestic laws, that he came from a state (New York) whose people held views differing from those of the remainder of the country, and that he lacked judicial experience. Harlan had served only since March 1954 as a member of the Second Circuit Court of Appeals. A bill offered by Sen. Stennis (D-Miss.) but not acted upon would require that at least half of all future Supreme Court appointees be judges with minimum experience of 10 years in the lower federal courts.

Marion B. Folsom, who had served since the beginning of the Eisenhower administration as Under Secretary of the

* The 350 recommendations were almost equally divided between those requiring legislation and those that could be effected by administrative action. Of the latter, Hoover said more than 40 had been put into force by June 30.

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Treasury, was confirmed without opposition July 20 to succeed Mrs. Oveta Culp Hobby, resigned, as head of the new Department of Health, Education and Welfare. Folsom is an authority on social security and related problems under the jurisdiction of the Welfare department. His appointment gave three of the ten places in the Eisenhower Cabinet to residents of the State of New York.

Secretary of the Army Stevens, a central figure in last year's Army-McCarthy investigation, resigned his sub-Cabinet post June 21, a year after the close of the Senate hearings. He was succeeded by Wilber M. Brucker, general counsel of the Defense Department and a former governor of Michigan. Frank H. Millard, a former Michigan attorney general, succeeded John G. Adams, a second principal in the Army-McCarthy imbroglio, Apr. 1 as counsel to the Army. H. Struve Hensel, another who had a prominent part in the controversy, was succeeded as Assistant Secretary of Defense July 1 by Gordon Gray, who had served as Secretary of the Army under President Truman.

Reuben B. Robertson was confirmed, July 22, as Deputy Secretary of Defense—vice Robert B. Anderson, resigned—after he had agreed to dispose of stocks in several large companies doing business with the government. The post of Harold E. Talbott, who resigned as Secretary of Air Force, effective Aug. 13, had not been filled when Congress adjourned. The resignation was submitted to the President on Aug. 1 as a result of disclosures before the Senate's Permanent Investigations Committee that Talbott had written letters and made 'phone calls from his Pentagon office soliciting business for a private firm in which he retained partnership. In a letter to Talbott, the President told him his decision to resign had been the "right one" under the circumstances.

Joseph Campbell of New York, who received a recess appointment last Dec. 14 as Comptroller General of the United States, was finally confirmed, Mar. 18, without a record vote. The term is for 15 years, the annual salary \$15,500. Sen. Gore (D-Tenn.) criticized the appointment on the ground that Campbell lacked legislative experience and attacked the appointee for having supported the Dixon-Yates contract when a member of the Atomic Energy Commission.

One appointment widely applauded at the Capitol was that of Harold E. Stassen to a special White House post with the

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duty of pressing plans for world disarmament. As director of the Foreign Operations Administration, which passed out of existence on June 30, Stassen received a salary of \$22,500. His present salary, as a special assistant to the President, is \$20,000 a year.

An executive order, effective June 30, transferred military functions of F.O.A. to the Defense Department and non-military functions to a new semi-autonomous International Cooperation Administration in the State Department. A Republican plan to allow John B. Hollister, named to head the new I.C.A., to replace 200 higher ranking F.O.A. employees without regard to civil service procedures was rejected by the Senate, June 2, by a tie vote, 40 to 40, along strict party lines. The Vice President was not present to break the tie. A similar amendment was later defeated by the House, 136 to 108.

Work was begun by the staff of the Senate Civil Service Committee in preparation for an investigation of "spoils" appointments under the Eisenhower administration, for which \$75,000 was allotted early in the session, but open hearings were repeatedly postponed. The disposition of the leadership seemed to be to hold public phases of the inquiry over to the election year 1956.

SHELVING OF HAWAII-ALASKA STATEHOOD

A combined Hawaii-Alaska statehood bill, modeled on one passed by the Senate in 1954, was shelved by the House, May 10, 218 to 170, when frowned upon by Minority Leader Martin and not supported by Speaker Rayburn. If passed by the House, the legislation seemed certain of Senate approval but the Senate took no action after the bill had been laid aside in the lower body.

The House passed statehood bills for Hawaii in 1947, 1949 and 1953, and a separate bill for Alaska in 1950. However, it did not accept the Senate's twin statehood bill of 1954. Early in the 1955 session Speaker Rayburn said that "ultimately both will come in as states or neither." This was his reply to a passage in the State of the Union message which said Hawaii was ready for statehood but Alaska could expect it only after "complex problems" relating to that territory had been solved. The problems in the President's mind had to do chiefly with national defense. In an effort to remove them, this year's bill provided for retention for mili-

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tary use by the federal government of up to 40 per cent of Alaska's territory.

Principal opposition arguments were that Hawaii had been infiltrated by Communists to a dangerous degree and that Alaska was economically unprepared for statehood. It was argued also that the addition of four senators would throw representation in the upper house out of balance. Members from Hawaii and Alaska would hold 1/25th of the Senate voting power while their states had only 1/242nd of the country's population. There was objection also to admitting non-contiguous territories as states.

Republicans were less enthusiastic about Hawaii than in earlier years, now that it has a Democratic legislature, and most of them still were against statehood for Alaska. Many southern Democrats wanted neither in the union. While the Democrats divided about evenly, Republicans voted almost two to one to send the bill back to committee, where it still remained at the end of the session.

The Senate approved legislation to grant home rule to the District of Columbia, with non-voting representation in the House, as it had done twice before, but its bill [S 669] did not get to the floor of the lower chamber.

ANTI-COMMUNIST PROBES; NEW CONCERN FOR CIVIL RIGHTS

A resolution adopted by unanimous Senate vote at the opening of the 1955 session condemned the Communist Party U.S.A. and expressed the sense of the upper house that its committees should "continue diligently and vigorously to investigate and expose this conspiracy."* The Senate subsequently allotted \$190,000 to its Permanent Investigations subcommittee, and \$260,000 to its Internal Security subcommittee, while \$225,000 was given to the House Un-American Activities Committee, for inquiries to be carried out during 1955.

The Red-hunting committees continued to delve into present and past activities of Communists and former Communists in trade unions, the movies and the press—at hearings which were conducted more temperately than in the past. Only four recalcitrant witnesses, including the self-confessed "false witness" Harvey M. Matusow, were cited

* When Sen. McCarthy (R-Wis.) said in the debate, Jan. 14, that some Democrats among the 53 sponsors of the resolution were "trying to get the mud from their fingers," he was ordered to take his seat under the rule forbidding imputation of unworthy motives to senators.

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for contempt. No attempt was made during the 1955 session to exchange grants of immunity for desired testimony, under a new statute enacted in 1954, and there was little exploitation of committee findings for political purposes.

The Peress case, which led up to the sensational Army-McCarthy investigation of 1954, was finished off by the reorganized Permanent Investigations subcommittee, under Chairman McClellan (D-Ark.), with a few days of further testimony. The panel then returned to lines of inquiry pursued under the chairmanship of the late Sen. Hoey (D-N.C.). Public hearings on military procurement produced evidence which led the subcommittee to call for speedy prosecution of the "nest of grafters" it said had been uncovered. Conflicting testimony in the reopened Peress case also was referred to the Department of Justice, but the subcommittee concluded that promotion and honorable discharge of the New York dentist, described by Sen. McCarthy as a "Fifth Amendment Communist," had been due to military red tape and bungling, not to any Communist conspiracy in the Army. A Hoover commission task force headed by Gen. Mark W. Clark said, in a report made public June 28, that it had found "no valid ground for the suspicion" voiced by McCarthy last year that the Central Intelligence Agency was "infested with security risks."

The long-heralded Senate investigation of the Eisenhower loyalty-security program for federal employees, which was expected to produce campaign material for 1956, got off to a delayed start in May but made little headway. Late in June both houses adopted by voice votes a joint resolution [HSRes 157] to establish a 12-member bipartisan commission for a thoroughgoing study of the federal security program, as to both its effectiveness and its fairness, with instructions to report by Dec. 31, 1956. Meanwhile, the Senate had allotted \$50,000 to a Judiciary subcommittee for a study of "the application of the Bill of Rights under present-day conditions." Subcommittee Chairman Hennings (D-Mo.) said the study would cover such subjects as freedom of the press, speech and assembly; guarantees against unreasonable searches and seizures, and the related question of wiretapping. In the House a special subcommittee of the Government Operations Committee, under Moss (D-Cal.), was directed to investigate the withholding by government agencies of information to which the public is entitled.

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CODE OF FAIR PRACTICE; POSTPONEMENT OF ELECTORAL REFORMS

After years of agitation both within and outside Congress for reform of congressional investigating methods, a beginning was made in 1955 on rule changes to assure greater dignity in committee proceedings and fairer treatment of witnesses. Principal provisions of a new House "code of fair practice" prohibit one-man hearings, ban issuance of subpoenas and disclosure of secret testimony except by consent of a full committee or subcommittee, allow witnesses to be accompanied by counsel, and give accused persons the right to reply to charges and to request testimony by others.

The House code [HRes 151] was adopted, Mar. 23, in the exact form prescribed by the Rules Committee because brought up under procedure which permitted no changes. It was attacked in debate both as likely to hamper investigations and as giving witnesses insufficient protection against abuse. Some members wanted provision for cross-examination of accusing witnesses and prohibition of secret testimony except on matters involving national security; others wanted authorization of broadcasts of committee hearings, which had been ruled out by Speaker Rayburn at the opening of the session.

The Senate laid down no general rules for investigations but several of its most important committees, including the Government Operations Committee and the Judiciary Committee, adopted rules more restrictive in some respects than those which now govern House committees. A total of more than \$2 million was appropriated in 1955 for Senate and House inquiries.

Action on a bill [S 2308] by Sen. Kennedy (D-Mass.) to clarify and strengthen the Lobby Act of 1946, part of which has been declared unconstitutional, went over to the 1956 session. A principal provision of the bill would outlaw contracts to lobby before Congress on a contingent fee basis, with compensation depending on passage or defeat of a particular measure.

A proposed revision of the Federal Corrupt Practices Act, favorably reported by the Democratic majority of the Senate Rules Committee June 15, also was postponed to the election year 1956. Principal provisions of the bill [S 636] would extend federal policing to state primaries or conventions at which candidates for federal office are nominated; increase the campaign expenditure ceiling for Senate

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candidates from \$10,000-\$25,000, depending on size of the state, to \$50,000 or an amount equal to 10c for each vote cast in the most recent senatorial election; increase the expenditure ceiling for House candidates from \$5,000 to \$12,500 or 10c a vote in the last election. Campaign contributions by individuals would be limited to \$10,000, instead of \$5,000. The present \$3,000,000 limit on expenditures by the national committees would be abandoned in favor of a formula permitting total expenditures on behalf of a presidential aspirant of 20c for each vote cast for President in any one of the three preceding elections. A minority report by Republican members of the Rules Committee said the bill was "cumbersome and unworkable," and some of its provisions might be unconstitutional. The G.O.P. committee-men called for amendments to prohibit "involuntary political contributions [to trade union funds] as a condition for holding a job."

A constitutional amendment [SJRes 31], favorably reported by the Senate Judiciary Committee May 17, would abolish the electoral college and divide each state's electoral votes on the basis of the popular vote within the state. Neither this amendment, nor an amendment to lower the voting age, again recommended by the President this year although defeated by the Senate in 1954, got action on the floor of either house.

A letter by the President to state governors, Feb. 2, again urged revision of state absentee voting laws to afford service people overseas better opportunity to participate in next year's federal, state and local elections. Eisenhower said laws of three-fourths of the states fell short of "the criteria established in World War II as substantially necessary to assure effective overseas voting" by personnel of the armed forces. Congress later joined in the President's recommendation through a bill [HR 4048] which asked the states to simplify existing provisions for absentee voting and made improvements in federal methods of handling overseas ballots. One provision of the bill which met objection from civil rights advocates in the Senate but was finally accepted, 56 to 22, repealed a provision of wartime legislation which forbade collection of a poll tax from men in uniform as a prerequisite to exercise of the franchise.

